

Message Text

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PAGE 01 MANILA 13465 041104Z

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ACTION EB-11

INFO OCT-01 EA-11 NEA-10 ISO-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 SCEM-02

SCI-06 NSC-10 SS-20 STR-08 CEA-02 DODE-00 PM-07 H-03

L-03 PA-04 PRS-01 USIA-15 ACDA-19 IO-14 DRC-01 /221 W

----- 023259

R 040943Z DEC 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9536

INFO AMEMBASSY JIDDA

CINCPAC

CINCPACREPPHIL

13TH AF CLARK

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E.O. 11652: N/A

TAGS: ENRG, RP

SUBJECT: PROPOSED SALE OF ESSO PHILIPPINES TO GOP

REF: MANILA 13415 NOTAL

1. ESSO MANAGER WALLACE (MISTAKENLY REFERRED TO AS WALES IN LAST SENTENCE REFTEL) BRIEFED EMBOFF DECEMBER 4 ON CURRENT STATUS OF NEGOTIATIONS WITH GOP ON SALE OF COMPANY AND CLARIFIED PUBLIC ANNOUNCEMENT OF CLOSURE DECEMBER 31 OF ESSO EASTERN, INC. BRANCH IN PHILIPPINES.

2. WALLACE STATES ESSO HAS NOT YET RECEIVED ANYTHING IN WRITING FROM GOP ON PURCHASE OF ESSO PHILIPPINES, INC. FROM ESSO EASTERN. HE PRESUMES ORAL UNDERSTANDING WILL SHORTLY BE EMBODIED IN WRITTEN CONTRACT WHICH ESSO IS ANXIOUS TO CONCLUDE AS SOON AS POSSIBLE. AS CURRENTLY ENVISAGED, THREE-YEAR CRUDE

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PAGE 02 MANILA 13465 041104Z

CONTRACT WITH PHILIPPINE NATIONAL OIL COMPANY (PNOC) WOULD ENTER

INTO FORCE SIMULTANEOUSLY WITH SALE OF ESSO PHILIPPINES.
NAME OF LOCAL COMPANY MUST ALSO BE CHANGED THE DAY SALE IS
CONCLUDED ALTHOUGH SERVICE STATIONS WILL HAVE GRACE PERIOD UP
TO ONE YEAR TO CHANGE ESSO TRADEMARK TO WHATEVER MARK PNOC WILL
ADOPT. NEW BOARD OF DIRECTORS WOULD ALSO BE ELECTED AS SOON AS
SALE IS COMPLETED AND WILL PRESUMABLY APPOINT NEW MANAGEMENT
FOR COMPANY.

3. SALE OF COMPANY IS NOT EXPECTED TO AFFECT ITS CONTINUING
OPERATIONS, PRESUMABLY WITH PRESENT PERSONNEL RETAINED EXCEPT
FOR FOUR EXPATRIATE OFFICERS INCLUDING WALLACE WHO ARE ACTUALLY
EMPLOYEES OF ESSO EASTERN. WALLACE EXPECTS REORGANIZED AND
RENAMED COMPANY TO CARRY ON WITHOUT INTERRUPTION CURRENT
CONTRACTS, E.G. WITH EMBASSY AND US MILITARY EXCHANGES.

4. RE PUBLIC NOTICE THAT BRANCH IN PHILIPPINES OF ESSO EASTERN
WOULD CEASE OPERATIONS DEC 31, WALLACE SAID THIS MOVE ENTIRELY
SEPARATE FROM SALE OF ESSO PHILIPPINES, INC. SMALL BRANCH OF
ESSO EASTERN IS SEPARATE COMPANY AND HAS ENGAGED EXCLUSIVELY IN
INTERNATIONAL MARINE AND AVIATION BUSINESS. CLOSURE WAS DECIDED,
ACCORDING TO WALLACE, AS PROTECTIVE MEASURE TO PREVENT LEGAL
SUITS IN PHILIPPINES AGAINST EXECUTIVES OF PARENT DELAWARE
CORPORATION.
SULLIVAN

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EO Systematic Review
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